



Defense Logistics Agency



End-to-End Supply Chain Integration

Daniel G. Mongeon
Major General, USA
Director, Logistics Operations

Right Item, Right Time, Right Place, Right Price, Every Time...



Agenda

- Purpose
- Bottom Line Up Front
- DLA Enterprise
- Case for Change - Current Environment
- Supply Chain Integration Vision
- Business Strategy
- Execution of Supply Chain Integration Strategy
- Executive Agency
- Roles/ Responsibilities/ Resources
- Next Steps



Purpose

- To describe VADM Lippert's communiqué of July 26
- To give you info to give to our customers



Bottom Line Up Front

For DLA to remain valuable to the warfighters, it must better organize its workforce, develop and implement new business strategies and relationships that deliver end-to-end supply chain and Executive Agent solutions sets to the COCOMs and Military Services...otherwise, we become irrelevant.



The DLA Enterprise

FY 02 Sales/Services:

\$21.5B

FY 03 Sales/Services:

\$25B

FY 04 Projection:

\$28.9B

• Aviation:

\$3.3B

• Troop Support: \$10.2B

• Energy:

\$5.2B

• Distribution: \$2.2B

• Other: \$1.4B

Foreign Military Sales

• Sales: \$719M

• Shipments: 580K

• Supporting: 124 Nations

Scope of Business

- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #54 Fortune 500 - Above Northrop G
- #2 in Top 50 Distribution Warehouse
- 23 Distribution Depots
- 5.2 Million Items
- 24.7M Annual Receipts & Issues
- 1411 Weapon Systems Supported
- 147.7M Net Barrels Fuel Sold (FY03)
- \$12.5B Annual Reutilizations/Disposal

People

- 21,462 Civilians
- 525 Active Duty Military
- 637 Reserve Military
- Located in 48 States/28 Countries₅



DLA Tomorrow... What We Are Going To Be

FY 03-09

Characteristics:

Light and Agile
Smaller Footprint
Information Intensive
Knowledge Based
Integrated Processes
Collaboration
Service Oriented
Proactive



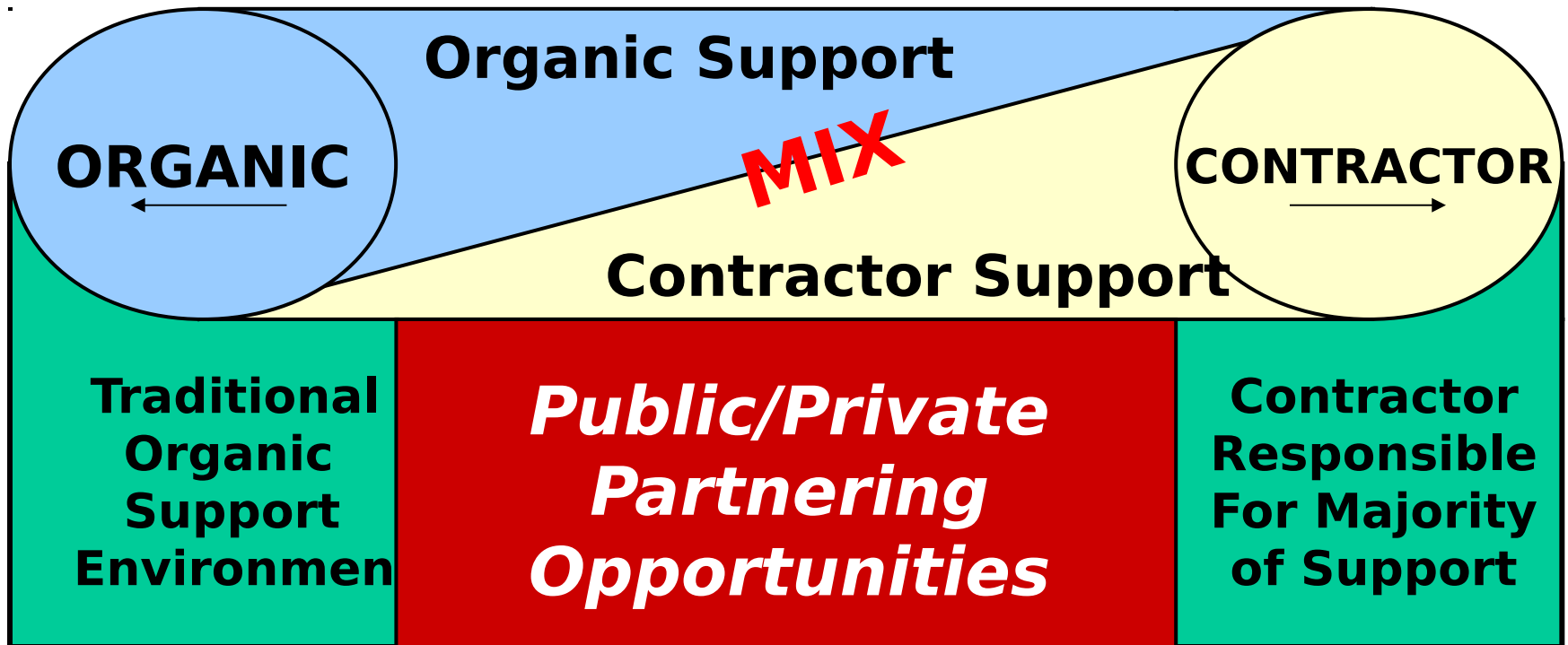
Transformation Plan:

**Business Systems
Modernization**
**Customer Relationship
Management**
**End to End Supply Chain
Integration**
Distribution Planning
**Supplier Relationship
Management**



DoD Supply Chain & Contract Logistics Support

More Organic More Commercial

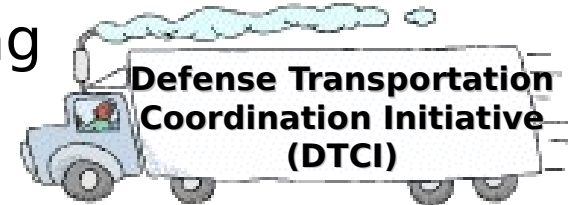


One Size Does Not Fit All



Case for Change Current Environment

- Comprehensive logistics solutions being demanded
 - Performance Based Logistics
 - Contractor Logistics Support
 - Joint Logistic Solutions
 - Executive Agent
 - End-to-End Initiatives
- OIF/OEF places increased pressure on agile logistics to support operations - Joint solutions preferred
- Today's technologies facilitate horizontal integration across traditional vertical "ownership"



**Repairable
Partnering
with TACOM**

DLA must evolve its logistics solutions to meet changing demands being placed on its supply chains

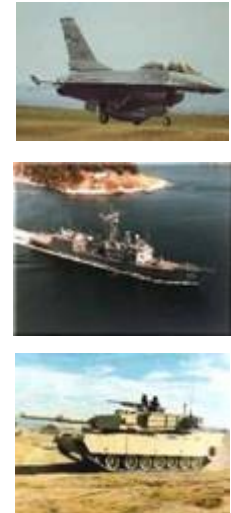


Supply Chain Integration Vision

DLA TODAY

**One Site/
Many Customers**

**One Site/
One Customer**



Suppliers

**DLA
Wholesale**

**Service Intermediate
Inventories**

**End-Use
Customer**

DLA TOMORROW

***DLA will Serve as the Provider of Choice for the
Integration of the Entire DoD Supply Chain - End-
to-End***



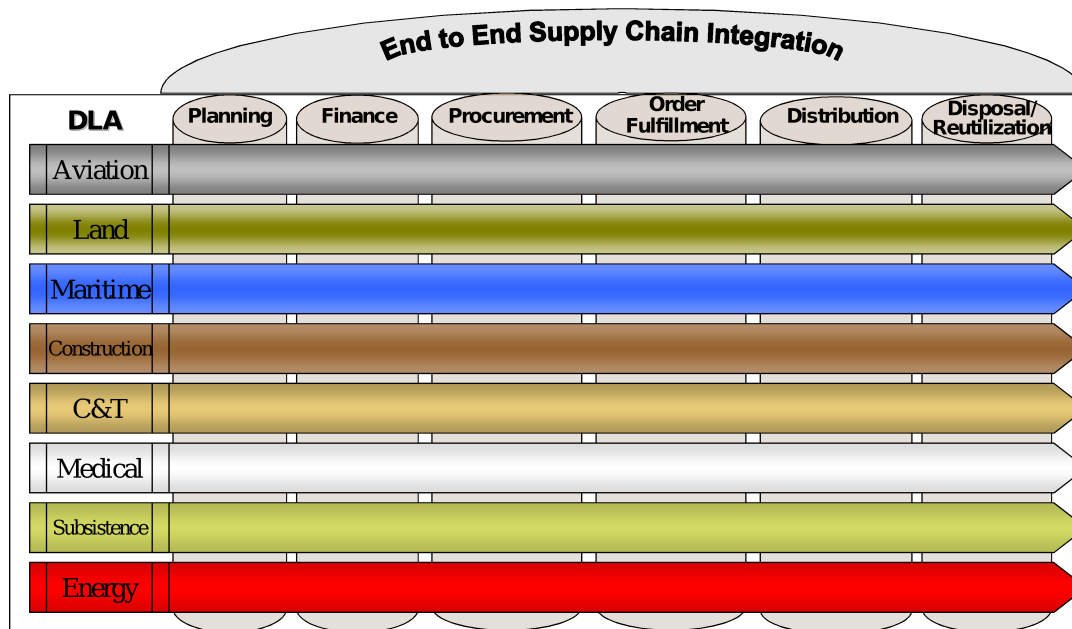
DLA Director's Mandate

July 26, 2004

“As we move towards becoming the Executive Agent for our Fuel, Medical, Construction and Subsistence commodities, and continue to provide critical supply chain support to weapon system platforms and military clothing and textiles, **DLA must continue to evolve as DoD's premier Supply Chain Integrator...this environment dictates that we adopt a robust business strategy that will allow DLA to build and deliver integrated, tailored logistics solutions** crossing the operational spectrum from peace to war... this business strategy as a further **evolution towards DLA delivering total integrated logistics solutions to our warfighting customers...**”



Business Strategy Within Supply Chains



- Provide end-to-end supply chain integration
 - Integrate and leverage existing capabilities
 - Lead when opportunities exist (e.g. IPV)
 - Partner when they don't
 - Services (e.g. repairables partnering with TACOM)
 - Private Industry (e.g. VIPR, DTIC)

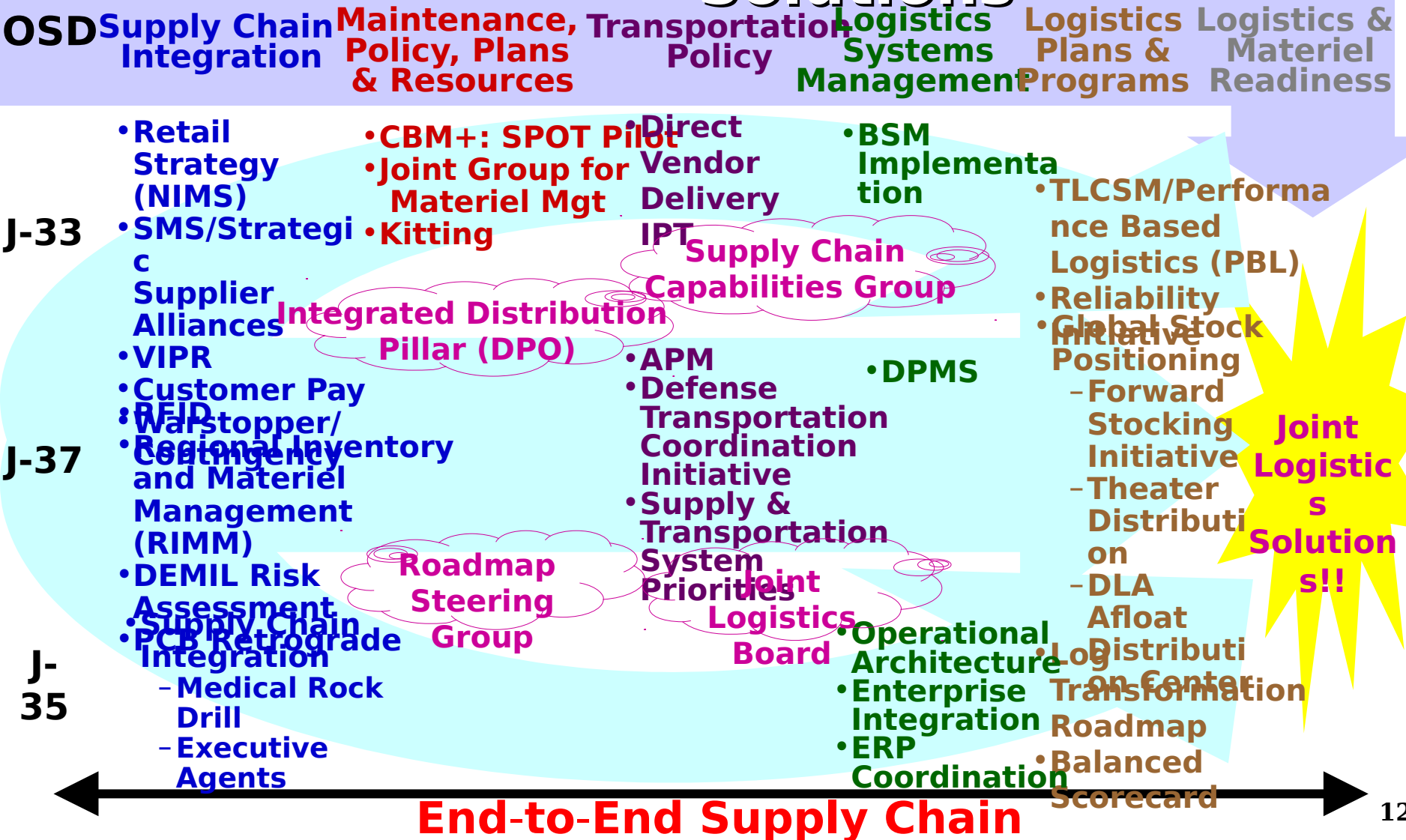
- Provide portfolio of services beyond consumable item management
 - Tailored... from warfighter need to satisfaction, retrograde, and disposal
- Develop single enterprise view of the entire supply chain
 - Measure by supply chain
 - Hold provider accountable (e.g. TRANSCOM, DVD, etc.)



Business Strategy

Execution

“Developing Joint Logistics Solutions”

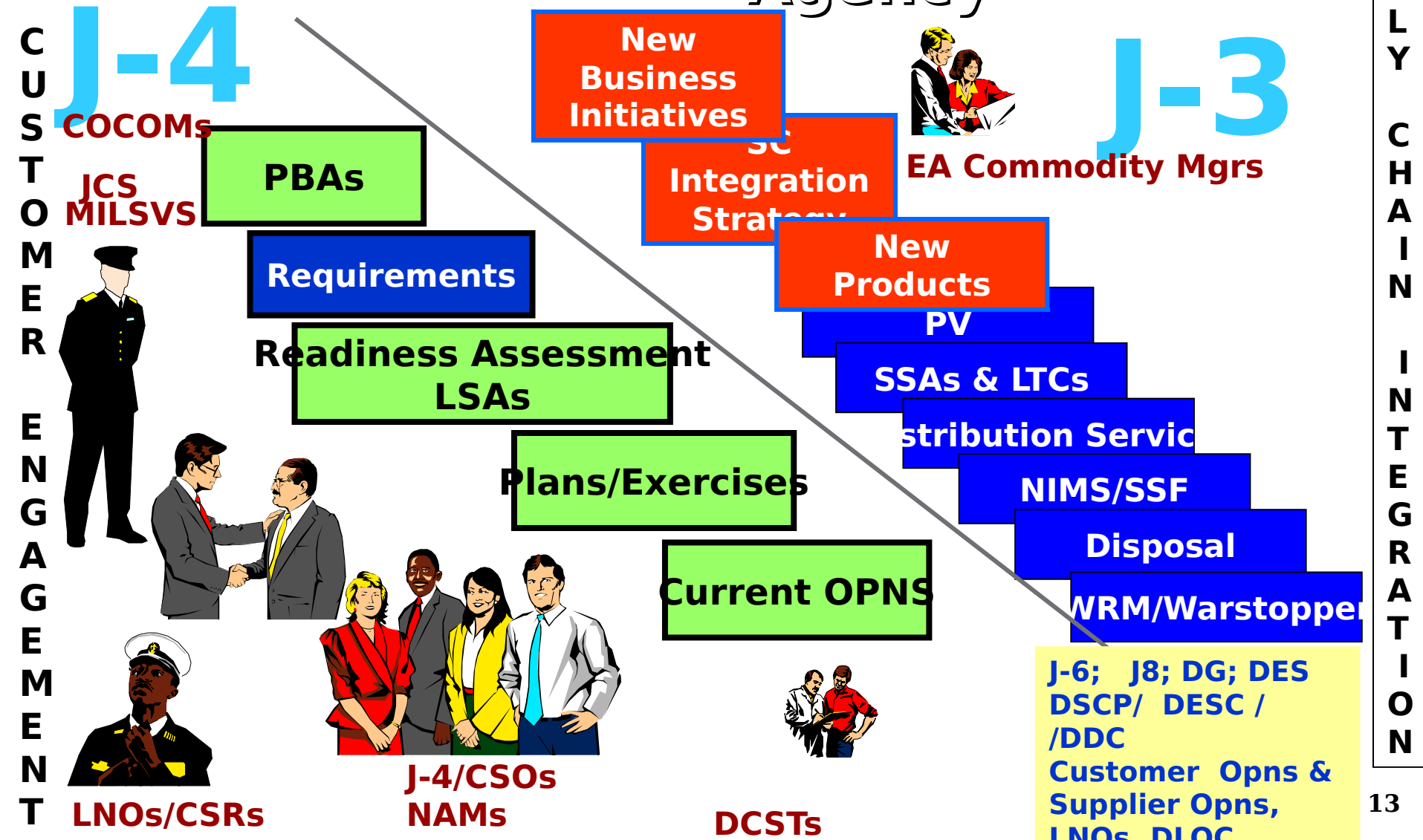




ROLES AND RESPONSIBILITIES

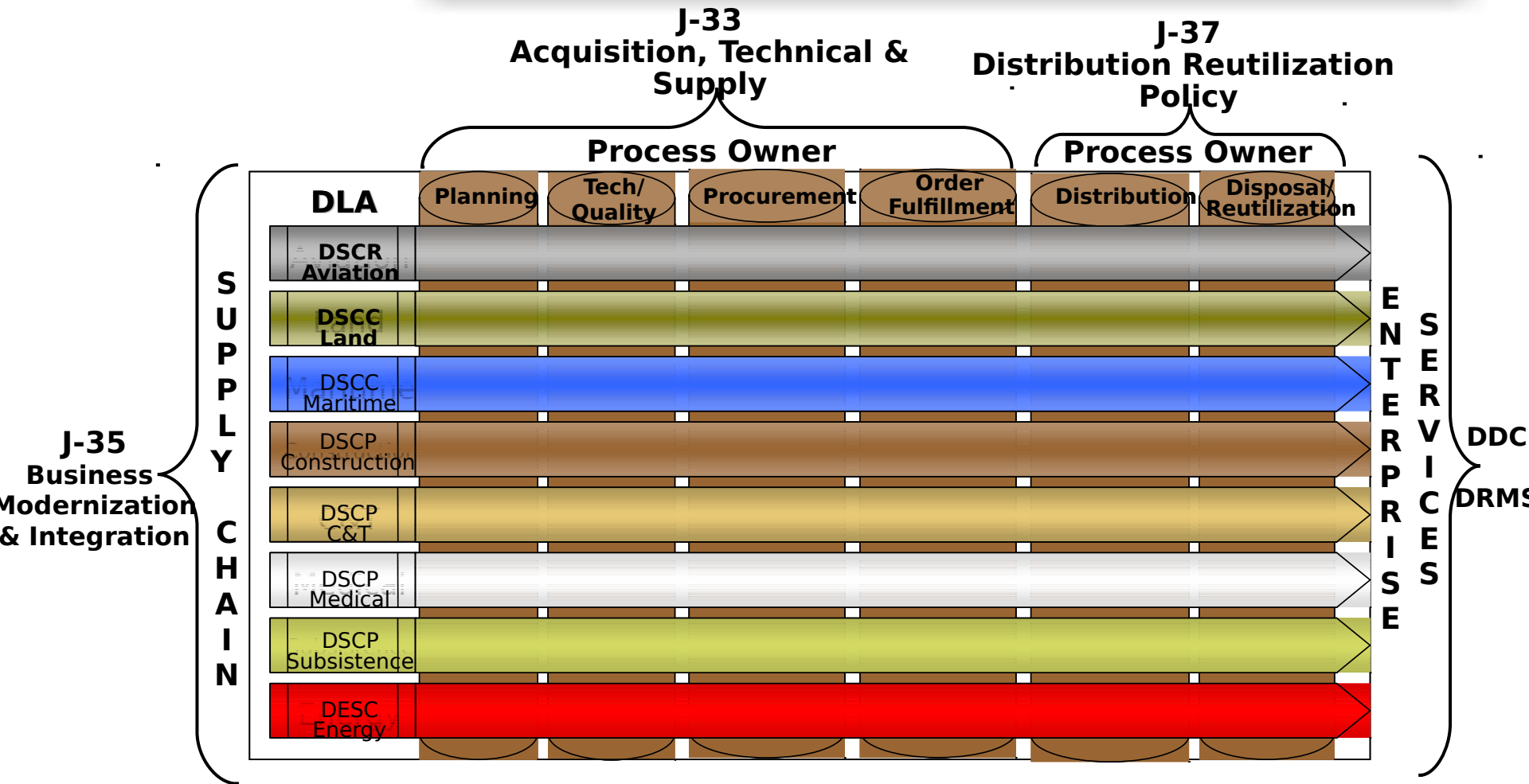
Supply Chain Integration/Executive

Agency





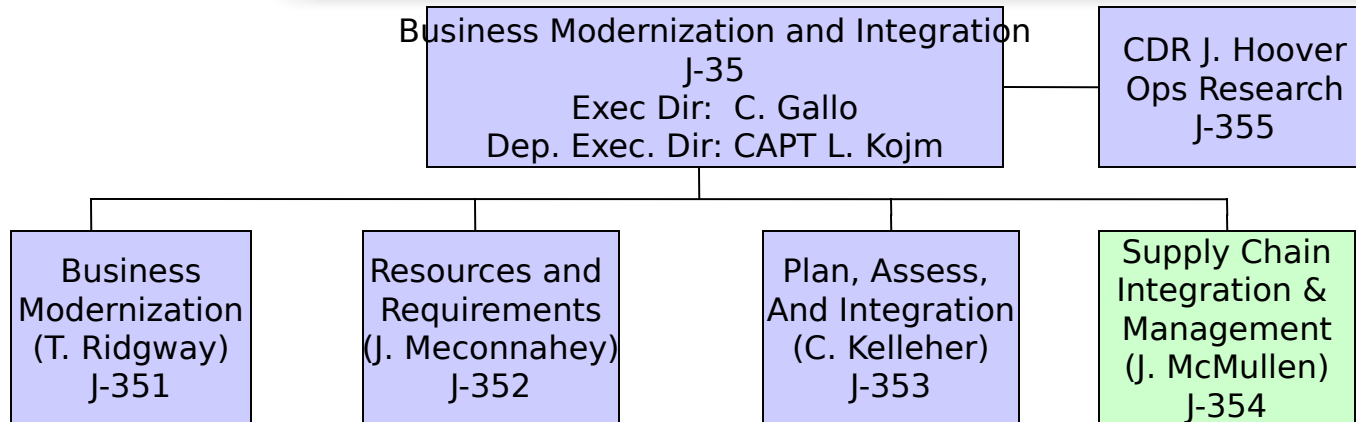
Roles and Responsibilities J-3 Logistics Operations



**Synchronizing Process Management and
Supply Chain Management**



HQ DLA Supply Chain Integration Resources



3 personnel - currently

Day-to-Day

- Continue Executive Agent development to include collaboration with J-4 for customer marketing and applicable EA annexes to PBAs and Support Plans
- Work Rock Drill (medical); Plan and execute Rock Drills for other 7 supply chains
- Coordinate E2E SC models w/TRANSCOM
- Develop and assist field activities in new business
- Provide commodity expertise at HQ
- Conduct logistics assessments and gap analysis of joint logistics practices
- Develop, in conjunction with J-4, business strategies to offer to customers
- Work with J-4 to ensure customer engagement strategy and logistics business operations strategy are synchronous
- Provide supply chain support and oversight for DLA's supplier facing initiatives
- Provide supply chain support and shares oversight for DLA's customer facing initiatives



Potential Roles and Responsibilities J-35 Business Modernization & Integration

- **Principal Staff Advisor to J-3 for Supply Chain Integration**
- Works Executive Agent issues
- Serves as special advisor to the Enterprise on all DLA supply chains
- Conducts logistics assessments and gap analyses of joint logistics practices
- **Works with J-4 to ensure that Customer engagement strategy and Logistics Operations strategy form synchronous business strategy**
- Provides supply chain support and oversight for DLA's supplier-facing initiatives
- Provides supply chain support and shares oversight for DLA's customer-facing initiatives
- **Administers the review of all new supply chain initiatives and proposals for applicability and implementation J-3 repeatable process**
- Resource Requirements Management
- Evaluates J-4 market share customer intelligence and recommendations for methods/levels of engagement with customers in each supply chain for use in tailoring business development plans



POTENTIAL ROLES AND Responsibilities J-33 Acquisition Technical & Supply

- **Focuses on supply chain processes and the associated development of policies, business rules and procedures for acquisition, technical/quality and supply operations**
- Serves as focal point for engagement and support of the Services' weapon system support improvement initiatives
- Reviews, revises and implements program guidance to achieve DoD/DLA strategic plans for Planning and Order Fulfillment
- Works closely with J-35 to ensure new initiatives are thoroughly analyzed and completely staffed
- **Serves as focal point for developing and ensuring implementation of policy and procedural guidance for the National Inventory Management Strategy (NIMS) within DLA**



Potential Roles and Responsibilities J-37 Distribution & Reutilization

- **Focuses on supply chain processes and the associated development of policies, business rules and procedures for DoD asset management, distribution processes and transportation/traffic management functions**
- **Serves as focal point for distribution policy, stock positioning, supply chain initiatives dealing with distribution and partnership with USTRANSCOM and their role as the Distribution Process Owner (DPO)**
- Works closely with J-35 to ensure new initiatives are thoroughly analyzed and completely staffed



Potential Roles and Responsibilities Supply Chain Owner

- Identifies required supply chain funding/IT support requirement
- Executes strategy pertaining to supply chain
- Operates supply chain within parameters established
- Integrates own supply chain - holds service providers accountable
- Proposes business development opportunities for Enterprise consideration
- Participates in metrics development and monitors performance of own supply chain
- Participates in prioritization/adjudication process



Next Steps

- Get EAs signed...joint-component IPTs convene
- Conduct 7 more rock drills Oct? thru Feb?
- Finalize roles of SCO and J-35

Tomorrow's Vision... DLA will Serve as the Provider of Choice for the Integration of the Entire DoD Supply Chain - End-to-End